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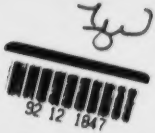

Form 10-Q

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SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

Quarterly Report Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934

For Quarter Ended February 29, 1992 Commission File No. 0-19200

NEWPORT CARPET MILLS, INC.
(Exact name of registrant as specified in its charter)

Colorado	95-2841775
(State or other jurisdiction of incorporation or organization)	(I.R.S. Empl. Ident. No.)
600 W. 15th Street, Long Beach, California	90813
(Address of principal executive offices)	(Zip Code)

(310) 435-7010
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES X NO _

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest possible date:

Common Stock, $.0001 par value	9,295,000
(Class)	(Outstanding at February 29,1992)

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NEWPORT CARPET MILLS, INC.
STATEMENTS OF FINANCIAL CONDITION

	UNAUDITED	
	FOR THE NINE MONTHS ENDED FEBRUARY 29, 1992	FOR THE YEAR ENDED MAY 31, 1991
ASSETS		
CURRENT ASSETS		
CASH IN BANK	$ 57,197	$ 25,902
ACCOUNTS RECEIVABLE - LESS ALLOWANCE FOR DOUBTFUL ACCOUNTS	379,403	744,020
INVENTORIES	1,111,353	1,427,417
PREPAID EXPENSES	168,801	105,409
TOTAL CURRENT ASSETS	1,716,754	2,302,748
FIXED ASSETS	2,757,618	2,777,890
LESS: ACCUMULATED DEPRECIATION	728,353	749,899
TOTAL FIXED ASSETS	2,029,265	2,027,991
OTHER ASSETS	278,124	354,491
TOTAL ASSETS	4,024,143	4,685,230
LIABILITIES		
ACCOUNTS PAYABLE AND ACCRUED EXPENSES	1,070,656	1,048,352
NOTES & CONTRACTS PAYABLE - CURRENT PORTION	539,749	697,329
TOTAL CURRENT LIABILITIES	1,610,405	1,745,681
NOTES & CONTRACTS PAYABLE - PORTION DUE AFTER ONE YEAR	816,950	872,250
STOCKHOLDERS' EQUITY		
COMMON STOCK	930	930
ADDITIONAL PAID-IN-CAPITAL	1,602,380	1,602,380
RETAINED EARNINGS	(6,522)	463,990
TOTAL STOCKHOLDERS EQUITY	1,596,788	2,067,300
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 4,024,143	$ 4,685,230

NEWPORT CARPET MILLS, INC.
STATEMENTS OF OPERATIONS

	UNAUDITED	
	FOR THE NINE MONTHS ENDED 2/29/92	FOR THE NINE MONTHS ENDED 2/28/91
SALES	$ 2,757,156	$ 3,079,099
COST OF GOODS SOLD	2,724,429	2,699,881
GROSS PROFIT	32,727	379,218
SELLING, GENERAL AND ADMINISTRATIVE EXPENSE	435,622	420,348
BAD DEBT EXPENSE	55,022	52,324
LOSS FROM OPERATIONS	457,917	93,454
OTHER INCOME (EXPENSE)		
INTEREST EXPENSE	(104,830)	(134,173)
OTHER	92,235	25,489
TOTAL OTHER INCOME (EXPENSE)	(12,595)	(108,684)
NET LOSS FOR THE PERIOD	470,512	202,138
NET LOSS PER SHARE	$ 0.05	$ 0.02
WEIGHTED AVERAGE SHARES OUTSTANDING FOR PERIOD	9,295.000	9,295.000

NEWPORT CARPET MILLS, INC.
STATEMENTS OF OPERATIONS

	UNAUDITED	
	FOR THE THREE MONTHS ENDED 2/29/92	FOR THE THREE MONTHS ENDED 2/28/91
SALES	$ 626,869	$ 674,669
COST OF GOODS SOLD	752,670	687,659
GROSS PROFIT	(125,801)	(12,990)
SELLING, GENERAL AND ADMINISTRATIVE EXPENSE	129,723	102,884
BAD DEBT EXPENSE	61,784	5,022
LOSS FROM OPERATIONS	317,308	120,896
OTHER INCOME (EXPENSE)		
INTEREST EXPENSE	(34,603)	(43,366)
OTHER	10,363	1,645
TOTAL OTHER INCOME (EXPENSE)	(24,240)	(41,721)
NET LOSS FOR THE PERIOD	341,548	162,617
NET LOSS PER SHARE	$ 0.04	$ 0.02
WEIGHTED AVERAGE SHARES OUTSTANDING FOR PERIOD	9,295,000	9,295,000

ITEM 2

MANAGEMENT'S DISCUSSION AND ANALYSIS

OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

INTRODUCTION

The following discussion should be read in conjunction with the Registrant's consolidated financial statements and note thereto included herein.

RESULTS OF OPERATIONS

Three months ended February 29, 1992 versus three months ended February 28, 1991.

During the three months ended February 29, 1992 the company's operations consisted of carpet manufacture and sale. Net sales for three months ended February 29, 1992 were $626,869. The Registrant recorded a net loss of $341.548 or $.04 per share. This compares tc sales for the three months ended 2/28/91 of $674,669 and a loss of $162,617 equaling $.02 per share. This loss was attributable to recessionary pressure of the economy as well as cost involved in altering product mix from artificial turf to carpet sales and the use of available cash flov for market expansion developement and expenses associated with marketing such new products.

The cost of operations for the period were also higher due to bad debt expense and higher cost of goods sold because of smaller sales volume.

Nine months ended February 29, 1992 versus nine months ended February 28, 1991.

Net sales for the nine month period were $2,757,156 versus $3,079,099. The net loss for the period was $470,512 versus $202,138 or $.05 per share for February 29, 1992 versus $.02 per share the previous year. The three most important contributing factors to the losses were the recessionary pressures on all phases of the company's business including retail sales, housing starts and party rental and convention business. The company also experienced seasonal slowdovn of its artificial turf business.

Expansion of its new carpet products should level out these seasonal demands in the coming year.

LIQUIDITY

Management believes that the Registrant's liquidity position is evidenced by its current assets of $1,716,754.

The company is still continuing its efforts to raise additional funds for the expansion of sales and new products. There can be no assurance that such additional funds will be available.

CAPITAL RESOURCES

Long term indebtedness at February 29, 1992 was $816,950.

BUSINESS OUTLOOK

Management believes that strong demand exists for its products, particularly its carpet products. The Registrant knows of no current foreseeble trend which will diminish its market share for any of its principal products.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

NEWPORT CARPET MILLS, INC.

Date: April 15, 1992

By: _____

Wayne Ariola, President